

Calculating ACG and National SMART Grants

CHAPTER 4

In this Chapter we will illustrate the amounts a student may receive under the ACG and National SMART Grant programs and show how to determine the correct grant award for each payment period. While these programs share some requirements, they are two separate programs with a number of different requirements. For more detail on ACG and National SMART Grant criteria and eligibility, see Volume 1, Student Eligibility. For more on payment periods, see Chapter 1 of this volume, and for cost of attendance, see Chapter 3 of this volume.

In general, a full-time student may be eligible for two ACG Scheduled Awards: one each for the first and second academic years of the student's enrollment at a school in any ACG-eligible program at that school. A full-time student may be eligible for two National SMART Grant Scheduled Awards: one each for the third and fourth academic years of the student's enrollment at a school in any National SMART Grant-eligible program at that school. A student may not receive more than two ACG or two National SMART Grant Scheduled Awards throughout the student's undergraduate education.

The rules for calculating an ACG or SMART disbursement for a payment period are identical to the Pell calculations we described in the previous chapter. Like Pell, ACGs and National SMART Grants use a Scheduled Award. However, there are key differences between the Scheduled Award for ACGs and National SMART Grants and the Scheduled Award for Pell. A student's ACG or National SMART Grant Scheduled Award is based only on completing the respective academic year of the student's ACG or National SMART Grant-eligible program.

However, a Pell Scheduled Award is for completing an academic year within an award year. For instance, a student who enrolls in the spring of one year could receive the first half of an ACG Scheduled Award for an academic year in that term and the second half of the ACG Scheduled Award for that academic year in the following fall term, even though the terms take place in two different award years.

The maximum ACG or National SMART Grant Scheduled Award for a particular student depends on the academic year in which the student is enrolled during the student's enrollment at a school in eligible programs of study and the availability of funds for all eligible students during the award year. For the ACG Program, the Scheduled Award may be up to the authorized maximum awards of:

- \$750 during the first academic year that an eligible student is enrolled in any ACG eligible program at any school; and

Chapter 4 Highlights

- Academic year definition
- Academic year progression ***NEW***
- Alternative methods for calculating weeks of instructional time ***NEW***
- Calculating an ACG/National SMART Grant for a payment period
- Summer/Crossover periods
- Transfer Students ***NEW***

Annual establishment of ACG/National SMART Grant maximum Scheduled Awards

34 CFR 691.2(d)
34 CFR 691.62

ACG and National SMART Grant Scheduled Awards will be established for each award year based on the available funding. The Department has determined for the 2008-2009 award year, that the Scheduled Awards will not need to be reduced from the authorized maximum awards.

Dear Colleague Letter GEN-06-18

The transitional guidance in DCL GEN-06-18 is no longer applicable; you must follow the requirements in 34 CFR 691.6 published on October 29, 2007.

Academic Year

Higher Education Act; Section 481(a)
34 CFR 668.3

ACG and National SMART Grant Eligible Programs

For ACGs, an eligible program must meet the FSA eligible program requirements and lead to an associate's degree or a bachelor's degree; be a two-academic-year program acceptable for full credit toward a bachelor's degree; or be a graduate degree program that includes at least 3 academic years of undergraduate education. For National SMART Grants, an eligible program must meet the FSA eligible program requirements and lead to a bachelor's degree in an eligible major or be a graduate degree program in an eligible major that includes at least 3 academic years of undergraduate education.

The eligible program differences may affect the award for which a student qualifies. For example, it is possible for a student to complete two academic years in an ACG-eligible program but not immediately qualify as being in the third academic year of a National SMART Grant eligible program. In this case, a student declares a National SMART Grant eligible major at the end of the student's second academic year. The student's school performs a degree audit at that time and determines that only 36 semester hours from the prior two years apply towards the student's National SMART Grant eligible program. As a result, the student is considered to be enrolled in the second year of the National SMART Grant-eligible program and is not yet eligible for a National SMART Grant. We will discuss additional considerations related to this issue later in this chapter.

- \$1,300 during the second academic year that an eligible student is enrolled in any ACG eligible program at any school.

For the National SMART Grant Program, the Scheduled Award may be up to the authorized maximum awards of:

- \$4,000 during the third academic year that an eligible student is enrolled in any National SMART Grant eligible program at any school; and
- \$4,000 during the fourth academic year that an eligible student is enrolled in any National SMART Grant eligible program at any school.

Generally, once a student completes an academic year in an ACG or National SMART Grant eligible program at a school, the student may never receive an ACG or National SMART Grant for that academic year at that school. This requirement is applicable regardless of whether the student received any portion of the award during that academic year.

For example, a student completes her second academic year in an ACG eligible program at a school going only part-time. Since a student must be enrolled full-time to be eligible for ACG (or National SMART Grant), she was not eligible for an ACG during her second academic year and never will be eligible for a second-year ACG award at that school. If the student transferred and was determined to be in the second academic year of his/her ACG-eligible program at the new school, he/she may be eligible to receive a second year award since he/she has never received any portion of the second-year Scheduled Award. While this principle is generally true, there are considerations that may affect its implementation discussed later in this chapter.

Academic Year Progression **NEW**

34 CFR 691.6

Transfer student's prior awards

A student's prior receipt of ACG or SMART Grant awards at other schools does not affect the student's academic year progression at your school, but you must always ensure that the student does not receive a duplicate award for the same academic year at your school. (Preamble October 29, 2007 Federal Register, p. 61253)

ACADEMIC YEAR PROGRESSION: GENERAL REQUIREMENTS **NEW**

For purposes of ACGs and National SMART Grants, a student's academic year progression is based on the student's enrollment in ACG or National SMART Grant-eligible programs at the school the student is currently attending. Note that this is a change from prior years, when one was required to track academic year progression based on enrollment for a student in all ACG/SMART eligible programs over the course of the student's undergraduate education.

Academic year

Your school must define the academic year in weeks of instruction and credit or clock hours for each eligible program for which you intend to award ACGs or National SMART Grants. The definition must meet the minimum FSA standards and be the same one used for all other FSA programs. See Chapter 1 of this volume for more on academic year.

To determine the ACG or National SMART Grant Scheduled Award for which a student is eligible, you need to determine how many academic years the student has completed while attending an ACG or National SMART Grant eligible program of study at your school. Generally, to do this, one compares the academic year definition for a student's program of study to the number of credit or clock hours earned by the student and the weeks of instruction attended by the student at your school in ACG-eligible programs or in National SMART Grant-eligible programs. Remember, for a student to progress from one academic year to the next, a student must complete the minimum number of credit or clock hours AND the minimum number of weeks of instruction in the academic year.

ACADEMIC YEAR PROGRESSION: BASIC PRINCIPLES **NEW**

You determine a student's academic year progression during the student's attendance for the first and second academic years in ACG-eligible programs at your school. Similarly, you determine a student's academic year progression during the student's attendance for the third and fourth academic years in National SMART Grant-eligible programs at your school. In determining a student's progress in academic years, there are the following principles, discussed in more detail later in this chapter:

Accounting of hours and weeks of instructional time

The student's academic year is based on an accounting of the credit or clock hours earned, and weeks of instructional time that the student has attended, at your school in ACG- and National SMART Grant-eligible programs. In determining weeks of instructional time, if the program uses Formula 1 or 2 to calculate payments for payment periods, you may use either an exact accounting for the weeks of instructional time or one of three alternative methods for determining the weeks of instructional time earned at your school.

Transfer credits and weeks of instructional time

Transfer credit or clock hours are counted towards academic year progression to the extent they are accepted into the student's ACG- and National SMART Grant-eligible programs at your school. Also, for transfer hours that are considered to have weeks of instructional time associated with them, you must determine the number of weeks of instructional time to be credited towards a student's academic year progression in addition to the weeks attended at your school.

ACG/SMART Case Studies

For detailed case studies on academic year progression see Appendix A to this chapter, posted on the same webpage as Vol. 3 on IFAP.

Rate of Progression in both weeks of instructional time and credit or clock hours

When tracking academic year progression for the ACG and National SMART Grant programs, you are tracking progression through the defined academic year in weeks of instruction and credit or clock hours rather than grade level. As such, it is possible for a student to be starting one measure of a new academic year in hours or weeks of instruction while completing the other measure for the prior academic year. If a student has completed one measure, but not the other of an academic year, they are not considered to have completed the academic year.

For example, Diane attends 18 semester hours per 15-week semester for 4 semesters in a program with an academic year of 24 semester hours and 30 weeks of instruction. At the end of the fourth semester she has accrued the 72 semester hours, thus completing the hours for three academic years. However, while she has completed the hours of three academic years, under an exact accounting, she is considered to be entering the third academic year because she has only attended 60 weeks of instruction. Thus, when she begins her fifth semester, she will begin the hours of a fourth academic year, but the weeks of instruction of her third academic year. In her fifth semester she is considered to be in her third academic year.

Weeks of Instruction and Credits without Weeks

Eddie graduates from high school in May of 2009 and begins attendance at Shaw College in the fall. Eddie has 25 semester hours of CLEP credit, and Shaw College defines Eddie's program's academic year as 24 semester hours and 30 weeks of instruction.

Since CLEP credits have no weeks of instruction associated with them, even though Eddie has enough credits to complete his 1st academic year, he is still considered to be in his 1st academic year for ACG purposes.

Weeks earned in term-based program

A student must complete at least one course in a term to earn the weeks of instructional time for the term. For example, a student completes a 6-week compressed course in an ACG-eligible program in a term of 15 weeks of instructional time. The student has earned the 15 weeks of instructional time. Another student withdraws after attending for 10 weeks without completing a course. This student has earned no weeks of instructional time.

Student request for exact accounting

34 CFR 691.6(e)(2)(iii)

Even if you normally use one of the alternative methods for measuring weeks of instructional time, you must provide an exact accounting for a student who requests that such a determination be made or who questions whether he or she has completed an academic year. After an exact accounting has been made for a student, you may not use any of the alternative methods of measuring weeks of instructional time and must use the exact measurement as determined by the exact accounting for that student.

Hours without weeks

Certain credit or clock hours are not considered to have weeks of instructional time associated with them even though they count towards the hours in an academic year. The fact that these are hours without weeks must be taken into consideration when making determinations regarding a student's academic year progression under all methods of determining a student's weeks of instructional time.

Hours without weeks include credit or clock hours earned:

- From Advanced Placement (AP) programs, International Baccalaureate (IB) programs, testing out, life experience, or similar competency measures
- At a postsecondary institution while not enrolled as a regular student in an eligible program
- For coursework that is not at the postsecondary level, such as remedial coursework.

Weeks toward National SMART Grant eligibility

You must assign weeks of instructional time to determining academic year progression in a National SMART Grant-eligible program for earlier periods in which a student was enrolled only in an ACG-eligible program. The student's hours would be those hours that are creditable toward the National SMART Grant-eligible program.

Academic year progression for all programs: exact accounting of credit or clock hours

All of the credit or clock hours credited towards a student's ACG- or National SMART Grant-eligible program are considered in determining the student's academic year.

These credits would include credit or clock hours earned at the school as well as credit or clock hours accepted on transfer into that student's ACG- and National SMART Grant-eligible program. In addition, you must include any credit or clock hours credited towards the student's ACG- and National SMART Grant-eligible program that are hours without weeks from Advanced Placement (AP) programs, International Baccalaureate (IB) programs, testing out, life experience, or similar competency measures or hours earned while not enrolled as a regular student in an eligible program.

You may not count credit or clock hours awarded for coursework that is at less than the postsecondary level, such as remedial coursework in determining the credit or clock hours that a student has completed towards academic year progression. However, you would include the equivalent hours for the reduced credit or noncredit remedial coursework in determining a student's enrollment status to determine if the student is attending full-time and eligible for an ACG or National SMART Grant.

Academic year progression for all programs: exact accounting of weeks of instructional time

An exact accounting is the basic method for determining a student's weeks of instructional time during the student's attendance at your school. It is considered the best method because it is the most accurate. Under the exact accounting method, you are not estimating the number of weeks of instruction, but determining exactly how many a student has attended.

For example, a student completes 24 semester hours over three 15-week semesters enrolled in an ACG-eligible program at your school by attending full-time one term and half-time for two terms. Over the three semesters the student has thus completed the 24 semester hours and 30 weeks of instruction of her first academic year as well as the first 15 weeks of instructional time for her second academic year. Even though she attended on a full-time basis for only one of the semesters and received only half of the first-year ACG, the student is no longer eligible as a first-year student at your school since the student has completed both the hours and weeks of instruction of the first academic year of enrollment in an ACG-eligible program.

While you may use alternative methods to determine weeks of instructional time if you use Formula 1 or 2 to calculate payments for a student's program, you must provide an exact accounting for a student who requests that such a determination be made or who questions whether he or she has completed an academic year. Once you use the exact accounting method to determine a student's weeks of instructional time, you must always use an exact accounting of the weeks of instructional time for that student while enrolled at your school.

If you calculate payments for a student's program using Formula 3 or 4, you must use the exact accounting method to determine the student's weeks of instructional time.

For any period such as a term during which a student is enrolled solely in hours without weeks, no weeks of instructional accrue toward the student's academic year progression. For example, in a student's first academic year, the student enrolls solely in remedial coursework that is the equivalent of full-time; the student would not accrue weeks of instructional time even though the student may be eligible for, and receive, a first-year ACG payment.

National SMART Grant eligibility and prior ACG

A student's progression to National SMART Grant eligibility is not dependent on the prior receipt of an ACG award. For example, a student may progress through the first two academic years of his undergraduate education without receiving an ACG award. In his third academic year in an eligible program he may then qualify for a National SMART Grant.

Fractions and Rounding

In making determinations of academic progression, any fractions of an academic year are not rounded to include the next term or academic year. For example, under the credits-earned alternative, a student who completed 27 semester hours is considered to also have completed 33.75 weeks of instruction ($27 \text{ hours earned} \times 30 \text{ weeks of instruction in the academic year} / 24 \text{ hours in the academic year}$).

Degree Audits and Prior Payments

Preamble, October 29, 2007 final regulations
(72 FR 61250-61252)
34 CFR 691.6(a), (b), (c)

For 2008-2009, once a student receives an award for a particular academic year at a school, the student's eligibility in the earlier years at that school is considered to have elapsed since eligibility is based on attendance in all eligible programs at that school.

For example, Anthony received a third-year National SMART Grant award. A degree audit at the end of his third academic year determined that he only has applicable credits to be in the second academic year of his National SMART Grant-eligible degree program. While there is no repayment of the third-year award, Anthony does not become eligible for a fourth-year National SMART Grant until he has completed the necessary additional credit hours and weeks of instruction of at least 3 academic years in his National SMART Grant-eligible program. Since a student cannot go back to academic years prior to a year for which the student received a disbursement, Anthony cannot be considered a second-year student eligible for his remaining ACG eligibility since the second academic year of an ACG-eligible program must be considered to have elapsed by his receipt of a third-academic-year National SMART Grant.

Transfer students

Preamble, October 29, 2007 final regulations
(72 FR 61252-61254)
34 CFR 691.6(d)(3)
34 CFR 691.65

Degree audits and prior payments

Generally, a school may consider all of the hours a student earns to apply to the student's degree program until such time as the school may perform a degree audit to determine the hours that are applicable to the student's degree program. The school is not considered to have erred by relying on the student's progress prior to the degree audit in determining the student's academic year progression for an ACG or National SMART Grant, even though some of the student's prior coursework is no longer considered to be applicable to the student's academic year progression in an ACG or National SMART Grant eligible program.

Based on a degree audit a student may be reclassified to an academic year prior to an academic year for which the student has received payment. Neither the student nor the school is required to return awards for any academic year subsequent to the student's reclassified standing in this circumstance. However, the student may not regain eligibility for any academic year prior to a year for which payment has been received since the student is considered to have completed the academic years in an eligible program through the years for which payment has been received.

ACADEMIC YEAR PROGRESSION: ADDITIONAL CONSIDERATIONS **NEW**

Transfer students

You must determine the appropriate credit or clock hours and weeks of instructional time for a transfer student as measured in weeks of instructional time and credit/clock hours. When determining the appropriate academic year for a transfer student, you must measure by both the transfer credit or clock-hours accepted toward the student's current ACG- or National SMART Grant-eligible program and the estimated number of weeks of instruction completed in proportion to the academic year of the student's ACG- or National SMART-Grant eligible program at the school to which the student transferred.

Any credit or clock hours accepted on transfer towards a student's degree, must count in the hours for determining the student's academic year progression. However, in estimating the number of weeks of instructional time for these credits, you must exclude any hours without weeks as discussed earlier in this chapter to the extent you or other offices in your school are aware that the hours are hours without weeks of instructional time associated with them.

To determine the estimated number of weeks of instruction for a transfer student, use the following formula:

$$\frac{\text{hours accepted on transfer} * \text{weeks of instruction in academic year}}{\text{credit or clock hours in academic year}}$$

You must apply this formula in determining the weeks of instructional time for a transfer student regardless of the method you are using to determine the student's weeks of instructional time for attendance at your school except for the grade-level alternative. The weeks of instructional time you determine for the hours accepted on transfer are added to the weeks of instructional time earned at your school to determine the student's academic year progression. Note that any fractions of an academic year are not rounded to include the next term or academic year.

A student may have previously received an ACG or National SMART Grant for an academic year, or a portion of one, at another school. For 2008-2009, the student's school is no longer required to consider the student to have completed an eligible program through that academic year, or that portion of an academic year. Academic year progression applies only at the school the student is currently enrolled except that a student may not receive more than the Scheduled Award for that award's academic year.

For example, prior to transfer, a student attended part-time and did not receive a first-year ACG but did receive the full Scheduled Award for a second-year ACG prior to transfer. The student's new school only accepted 12 semester hours into a program with an academic year of 30 semester hours and 30 weeks of instructional time. On transfer the student is considered to be in the first academic year at the new school with 12 hours and 12 weeks of instructional time toward the first academic year. The student may receive a first-year ACG at the new school but will never be eligible for a second-year award at any school since there is no remaining eligibility for the second-year award.

Weeks of instructional time alternative methods of measurement **NEW**

- 34 CFR 691.6(g) Credits-earned alternative
- 34 CFR 691.6(f) Terms-attended alternative
- 34 CFR 691.6(h) Grade-level alternative

The alternative methods of estimating weeks of instructional time, along with the exact accounting method, apply only to attendance at the current school.

For more examples on how to handle the alternative methods in a variety of circumstances, see Appendix A to Vol. 3

Same alternative method for all students in a program

34 CFR 691.6(e)(2)(ii)

ALTERNATIVE METHODS FOR DETERMINING WEEKS OF INSTRUCTIONAL TIME **NEW**

If the student’s program uses Formula 1 or 2, you may use one of the following three methods, as appropriate, to determine the student’s weeks of instructional time. You must use the same alternative method for all students enrolled in the same program except for students for whom you perform an exact accounting.

Credits-Earned Alternative

Under this method, you attribute weeks of instructional time based on a student’s credits earned toward his or her ACG- or National SMART Grant-eligible program in the same ratio as the weeks of instructional time are to the program’s academic year. In making this determination, you must exclude any hours without weeks as described under the basic principles.

Under the credits-earned alternative, you perform one of the following calculations, based on whether payments are calculated under Formula 1 or 2. Always multiply hours times weeks before dividing by the hours in the academic year.

Formula 1 programs:

The number of credit hours earned in the program

X

Weeks of instructional time in the academic year

=

weeks of instructional time completed

Credit hours in academic year

Formula 2 programs:

The number of credit hours earned in the program

X

Weeks of instructional time in the fall through spring

=

weeks of instructional time completed

Credit hours in academic year

Terms-Attended Alternative

To use this method, your program must have an academic calendar with a single summer term with at least 12 semester, quarter, or trimester hours of coursework. To determine the number of weeks a student has completed for academic year progression, you attribute weeks of instructional time for any term based on the proportion of the payment for a payment period to the annual award for students in the program. The weeks of instructional time a student has attended toward academic year progression are the attributed weeks of instructional time per term for the terms attended.

- Formula 1 programs – weeks of instructional time of a program’s academic year encompass two semesters or trimesters or three quarters in fall through spring, or any two semesters or trimesters or three quarters

For a semester or trimester attended, a student is considered to have completed one-half of the weeks of instructional time in the program's academic year. For a quarter attended, a student is considered to have completed one-third of the weeks of instructional time in the program's academic year.

- Formula 1 programs – weeks of instructional time of a program's academic year encompass the three terms in the award year for a semester or trimester program or the four terms in the award year for a quarter program

For a semester or trimester attended, a student is considered to have completed one-third of the weeks of instructional time in the program's academic year. For a quarter attended, a student is considered to have completed one-fourth of the weeks of instructional time in the program's academic year.

- Formula 2 programs – payments calculated based on the weeks of instructional time in the fall through spring terms

For a semester or trimester attended, a student is considered to have completed one-half of the weeks of instructional time in the program's fall through spring terms. For a quarter attended, a student is considered to have completed one-third of the weeks of instructional time in the program's fall through spring terms.

- Formula 2 programs – weeks of instructional time of a program's academic year encompass the three terms in the award year for a semester or trimester program or the four terms in the award year for a quarter program

For a semester or trimester attended, a student is considered to have completed one-third of the weeks of instructional time in the program's academic year. For a quarter attended, a student is considered to have completed one-fourth of the weeks of instructional time in the program's academic year.

For any term in which a student is enrolled solely in hours without weeks, such as remedial coursework, no weeks of instructional time accrue and the term should not be counted in determining the student's weeks of instructional time for academic year progression. A term in which a student completes at least one course with weeks of instructional time is included in terms counted for determining the student's academic year progression.

Grade-Level Alternative

If your programs are eligible for the grade-level alternative, you may assume that a student completed an academic year for each grade level if most full-time students in the program complete the credit hours and weeks of instructional time of an academic year when they complete a grade level. To use this method for each award year, you must establish that most full-time students are completing the credit hours and weeks of instructional time of an academic year based on a prescribed formula

For each award year, the formula requires that you must first determine that at least $\frac{2}{3}$ of the full-time, full-year students complete at least the weeks of instructional time of an academic year for each grade level during the three award years prior to the first calendar year of the award year for which the determination is made. For example, to determine the completion rate for purposes of the 2008-2009 award year, you must calculate the percentage of students who completed the weeks of instructional time in an academic year for the three award years prior to calendar year 2008, i.e., in 2006-2007, 2005-2006, and 2004-2005.

For an award year, you may make the determination of your eligibility to use the grade-level alternative on program-by-program basis or on an institutional basis for all ACG- and National SMART Grant eligible programs. If you determine your eligibility for this alternative on an institutional basis, you must use this method for all students at your school for whom you don't perform an exact accounting of the weeks of instructional time.

In implementing the grade-level alternative you must take into account any student's hours without weeks. For determining eligibility to use grade level under the formula, any hours without weeks must be taken into consideration. For example, a student taking remedial coursework but treated as full-time for payment purposes would not be considered a full-time student for determining compliance with the formula. Also, if you establish your eligibility to use this alternative, any hours without weeks must be deducted before determining the student's grade level. For example, if each grade level is 30 semester hours at your school, a student starting with 30 AP credits may be a second-year student (sophomore) and receive second-year Stafford annual loan limits. However, the student would be a first-year student for ACG since the AP credits could not be used in making the grade level determination.

The attribution of weeks of instructional time to transfer credits is not necessary since the grade-level determination subsumes any attribution of weeks for those credits. However, if you are aware that a student's transfer credits are hours without weeks, you must deduct those credits from a determination of the student's grade level.

Determining Academic Year Progression

Payment Formula Used for Eligible Program	Academic Year Based on Actual Weeks of Instruction and Hours at institution	May use alternatives for weeks of instructional time	Must Assume Weeks Based on Accepted Hours for Transfer Students	Must perform exact accounting if Student Requests
Formula 1 or 2	Yes	Yes	Yes	Yes
Formula 3, but eligible to use Formula 1	Yes	No	Yes	NA
Formulas 2, 3 and 4	Yes	No	Yes	NA

Prior determinations of academic year progression ***NEW***

34 CFR 691.6(a),(b),(c)

In determining a student's first, second, third, or fourth academic year at your school, you must reevaluate each student's academic year under the regulations as amended on October 29, 2007. You may be required to place a student back to an academic year prior to the student's previous classification at your school. In these cases, a student does not regain any remaining eligibility for those academic years that the student was considered to have completed in accordance with the 2006-2007 and 2007-2008 requirements.

In some cases, you may be required to place the student back to a year prior to the one for which the student has received payment. In this circumstance neither the student nor the school is required to return payments for any academic year subsequent to the student's reclassified standing. The student is considered to have completed the academic years in an eligible program through the years for which payment has been received.

For example, Mike enrolled in Oronoco Bay College for the 2006-2007 year with 33 semester hours of transfer credits that the college is aware were earned while Mike was not enrolled in an eligible degree program. Mike's program has an academic year of 24 semester hours and 30 weeks of instructional time. Mike completed 18 semester hours and 30 weeks of instructional time in 2006-2007 as a part-time student and received no second-year award. Under the guidance provided in Dear Colleague letter GEN-06-18, the college could assume that Mike has completed 63.75 weeks of instructional time based on the 51 semester hours credited toward his eligible program through 2006-2007 ($51 \times 30/24$). With at least 60 weeks of instructional time and 48 semester hours Mike is considered to be a third year student in 2007-2008. Mike received a third-year National SMART Grant for the one 15-week term he attended in 2007-2008. His academic year progression must now be reevaluated under the revised regulations for 2008-2009; Oronoco Bay must now consider Mike to be a second-year student when he initially enrolls since he would be considered to have only 45 weeks of instructional time. His transfer hours are hours without weeks, and he would only have completed 45 weeks of instructional time at attendance at Oronoco. Since Mike must be considered to have completed a second-academic year due to the third-year payment he received, he is no longer eligible for a second-year award. Neither Mike nor the college is required to return his third-year disbursement. Once he earns an additional 15 weeks of instructional time, he may be eligible for the balance of his third-year award.

Calculation Case: student progress matches academic year progression--exact accounting method

Student progress matches academic year progression

Babineaux Community College defines the academic year for Nate's ACG and National SMART Grant eligible program as 24 semester hours and 30 weeks of instruction. The program has fall and spring semester hours, each 15 weeks of instruction in length. Babineaux uses Formula One to calculate payments for payment periods and determines academic year progression based on an exact accounting, i.e., it does not use one of the alternate methods to measure weeks of instruction.

In his first year (2008-2009), Nate is enrolled for 12 credits in the fall semester, and 12 credits in the spring semester. He continues this pattern of enrollment for the next several years.

Babineaux awards Nate 1/2 of a first-year ACG Scheduled Award for each of the first and second semester hours during which he completes his first academic year. Similar payments are made for each succeeding semester from his second-year ACG and third- and fourth-year National SMART Grant Scheduled Awards. As long as receiving these amounts would not create an overaward, Nate would receive the full payment amounts for each semester as shown below.

Students may only ever receive one fourth academic year National SMART Grant, so in Nate's 5th academic year, he is not eligible for further National SMART Grant funds, as he has already received his fourth academic year National SMART Grant.

	Fall		Spring		
2008-2009	12 credit hours	1st half ACG (Year1) \$375	12 credit hours	2nd half ACG (Year1) \$375	24 credits and 30 weeks accumulated, 1st academic year completed
	15 weeks of instructional time	First academic year	15 weeks of instructional time		
2009-2010	12 credit hours	1st half ACG (Year2) \$650	12 credit hours	2nd half ACG (Year2) \$650	48 credits and 60 weeks accumulated, 2nd academic year completed
	15 weeks of instructional time	Second academic year	15 weeks of instructional time		
2010-2011	12 credit hours	1st half National SMART (Year3) \$2000	12 credit hours	2nd half National SMART (Year3) \$2000	72 credits and 90 weeks accumulated, 3rd academic year completed
	15 weeks of instructional time	Third academic year	15 weeks of instructional time		
2011-2012*	12 credit hours	1st half National SMART (Year4) \$2000	12 credit hours	2nd half National SMART (Year4) \$2000	96 credits and 90 weeks accumulated, 4th academic year completed
	15 weeks of instructional time	Fourth academic year	15 weeks of instructional time		
2012-2013*	12 credit hours	No longer National SMART eligible	12 credit hours	No longer National SMART eligible	120 credits and 120 weeks accumulated, 5th academic year and program completed
	15 weeks of instructional time	Fifth academic year	15 weeks of instructional time		

*Funds are appropriated through the 2010-2011 award year. There will be no awards for 2011-2012 and subsequent years until further appropriations have been passed

Calculation Case: exact accounting

Gallery Technical Institute (GTI) defines the academic year as 24 semester hours and 30 weeks of instruction for Chuck's National SMART Grant-eligible program. The program has fall and spring semester hours, each 15 weeks of instruction in length, and is 126 credits in length. Gallery uses Formula 1 to calculate payments for payment periods. GTI knows that Chuck will enroll in the spring 2008-2009 semester; the Financial Aid Director decides that GTI will do an exact accounting of academic year progression.

Why do this? The Aid Director is aware that Chuck will not have the weeks of instruction to be considered in his fourth academic year at the start of the fall 2007 term. Chuck will only have completed 60 weeks of instruction by the start of the fall 2006 term. Therefore, his National SMART Grant for 2007-2008 is his third academic year Scheduled Award. When Chuck completes his program in the fall 2008-2009 term he can receive 1/2 of his fourth academic year National SMART Grant Scheduled Award. Thus, based on an exact accounting Chuck gets a total of 1 and 1/2 National SMART Grant Scheduled Awards instead of just one, as he would under the assumption method.

	Fall	Spring	
2005-2006	18 credit hours	18 credit hours	36 credits and 30 weeks of instruction accumulated, 1st academic year completed
	First academic year		
2006-2007	18 credit hours	18 credit hours	72 credits and 60 weeks of instruction accumulated, 2nd academic year completed
	Second academic year		
2007-2008	18 credit hours	18 credit hours	108 credits accumulated, 4th academic year completed
	1st half National SMART (Year3) \$2000	2nd half National SMART (Year3) \$2000	
	Third academic year measuring weeks		
2008-2009	12 credit hours		126 credits accumulated and program completed
	1st half National SMART (Year4) \$2000		
	Fifth academic year		

Calculation Case: credits-earned alternative

Gallery Technical Institute (GTI) defines the academic year as 24 semester hours and 30 weeks of instruction for Chuck's National SMART Grant-eligible program. The program has fall and spring semester hours, each 15 weeks of instruction in length, and is 126 credits in length. Gallery uses Formula 1 to calculate payments for payment periods. Under the new regulations in 34 CFR 691.6(g), Gallery assumes weeks of instruction based on hours completed.

In his first year (2005-2006), Chuck enrolls for 18 semester hours in the fall semester and 18 hours in the spring semester. After he completes the Spring 2005-2006 semester, Chuck has accumulated 36 semester hours, which is enough to complete his 1st academic year. In the fall of 2006-2007, Chuck returns and attends for 18 semester hours. After this semester he has accumulated 54 semester hours. Since GTI assumes that he has enough weeks of instruction to go along with the semester hours necessary to complete his second year (60 weeks), then Chuck can be considered to have completed his second academic year. After completing the 2006-2007 spring term, Chuck now has accumulated 72 semester hours and is considered to have completed his third academic year with 72 semester hours and an assumed 90 weeks of instruction.

In the 2007-2008 terms Chuck receives his fourth academic year National SMART Grant Scheduled Award, 1/2 in the fall semester and, because he only has 90 semester hours through the fall semester, 1/2 in the spring semester. He is no longer eligible for any ACG or National SMART Grant awards after the 2007-2008 award year.

	Fall	Spring	
2005-2006	18 credit hours	18 credit hours	36 credits completed and 45 weeks of instruction assumed, 1st academic year completed
	First academic year		
2006-2007	18 credit hours	18 credit hours	72 credits completed and 90 weeks of instruction assumed, 2nd and 3rd academic years completed
	Second and third academic years		
2007-2008	18 credit hours 1st half National SMART (Year4) \$2000	18 credit hours 2nd half National SMART (Year4) \$2000	108 credits completed and 135 weeks of instruction assumed, 4th academic year completed
	Fourth academic year		
2008-2009	18 credit hours		126 credits completed and program completed
	Fifth academic year		

CALCULATING A PAYMENT FOR A PAYMENT PERIOD

As previously noted, the requirements for calculating an ACG or National SMART Grant payment for a payment period are exactly the same as Federal Pell Grant program requirements and use the same formulas as the Pell Grant program. ACG and National SMART Grant Formulas 1, 2, 3, and 4 are identical to the corresponding Pell formulas. Note that for ACG/SMART there is no use made of formula 5, because correspondence programs are not eligible for ACG/SMART. Also note the change in Formula 1 for 2008-2009, described in Chapter 3 of this Volume. The school disburses an ACG or National SMART Grant, like Pell, over the hours and weeks of instruction in an eligible program's academic year as defined by the school.

Calculating a payment for a payment period

34 CFR 691.63 and 691.76(b)

As with Pell Grants, ACG and National SMART Grant Scheduled Awards are divided into at least two payments based on the payment periods in an academic year. The calculation formula you use depends on the academic calendar of a student's eligible program and would be the same formula used to calculate payments of Pell Grants for that academic program. Refer to Chapter 3 of this volume on Pell Grants for a more detailed explanation of these formulas.

A student's payment for a payment period is calculated based on the coursework in the student's ACG or National SMART Grant-eligible program. For a National SMART Grant, the coursework in the payment period must include at least one course in the eligible major along with other courses that make up the student's eligible program. A student's payment is calculated based on the courses in the student's National SMART Grant program with at least one course in the student's eligible major. The school must ensure that the student's courses are necessary for the student to complete the student's National SMART Grant eligible program, and in the case of a student with a double major, with only one major being a National SMART Grant eligible major, the student's eligible program includes the coursework for both majors as well as the other courses that make up the eligible program.

Packaging

While a student's payment for a payment period is calculated exactly the same way as the student's Federal Pell Grant, unlike Pell, both ACGs and National SMART Grants are reduced to eliminate an overaward. For more details on how to package ACGs and National SMART Grants along with other FSA, see Chapter 7 of this volume.

Remaining eligibility

A student may have remaining eligibility from a Scheduled Award upon completing the academic year for that award, either because the award amounts were reduced in the packaging process to prevent an overaward or because the student was not otherwise eligible to receive a payment in one or more terms (for instance, if the student was

Payment Period with Two Academic Years Example

Dan attended the fall and spring semesters at Swampoodle University during his first academic year as a three-quarter-time student and earned 18 semester hours.

Swampoodle defines the academic year of Dan's ACG-eligible program as 24 semester hours and 30 weeks of instruction. In his second fall semester, he registers for 12 hours as a full-time student. Although Dan has completed the weeks of instruction of his first academic year, he still needs to complete 6 semester hours of his first academic year.

Swampoodle must, therefore, determine Dan's payment for the second fall term based on his first-year Scheduled Award. Although only 6 semester hours are applicable to the first academic year, Dan receives a full payment of 1/2 of his first academic year ACG Scheduled Award since he has the remaining eligibility.

If Dan had received all of his Scheduled Award in the first two terms, e.g., he registered and was paid for 24 semester hours but did not complete all of those hours, his payment in the second fall term would be zero since he would still be completing his first academic year in that term but would have no remaining eligibility.

Lump sum payments

You may pay a student ACG or National SMART Grant funds in one lump sum for all prior payment periods for which the student was eligible within the same award year. The student must have completed the prior payment period as a full-time student.

enrolled less than full-time or was temporarily ineligible for National SMART Grant due to a low GPA). In such cases, the student generally may not receive any of the remaining award amount in a subsequent payment period at any school.

Payment period with two academic years

A student may be completing one academic year in credit or clock hours and weeks of instruction while beginning the next academic year during the same payment period. In this circumstance, the Scheduled Award applicable to the payment period is the award for the academic year being completed. No adjustment is made to the payment period calculation; it is calculated as though all of the weeks and hours of the payment period were part of the applicable Scheduled Award's academic year. However, the student's payment may be reduced if there is not sufficient remaining eligibility in the applicable Scheduled Award.

Remaining eligibility in a different award year

The payment periods of a student's Scheduled Award for a particular academic year may fall in two different award years. If the amount of the Scheduled Award for an academic year changes between award years based on the funds available for awards, the school must determine the percentage of the Scheduled Award used in the prior award year to determine the percentage of the Scheduled Award that is available in the subsequent award year.

For example, a student receives \$2,000 from a third academic year National SMART Grant Scheduled Award of \$4,000. The student thus has used 50 percent of the third-year Scheduled Award ($\$2,000/\$4,000 = 50\%$). Due to a reduction of the Scheduled Award to \$3,000 in the subsequent award year, the student may only receive 50 percent of the \$3,000 third academic year Scheduled Award in the subsequent award year, or \$1,500.

Transfer student attending more than one school in an academic year

A student may transfer from a school to a second school during an academic year. The second school may pay a grant only for that portion of the academic year of the student's ACG- or National SMART Grant-eligible program in which the student enrolls at the second school. The payments must be adjusted to ensure that the grant does not exceed the student's Scheduled Award for that academic year. A school must take into account any change in the Scheduled Award for that academic year in determining that the student does not receive more than 100 percent of the Scheduled Award.

SUMMER TERMS & OTHER CROSSOVER PAYMENT PERIODS

Payment periods that span two award years

As with a student's Pell Grant, if the student is enrolled in a payment period that spans two award years, the entire payment period must be considered, for ACG and National SMART Grant purposes, to occur in one award year. If more than six months of the payment period occurs within one award year, you must consider the payment period to occur in that award year. You pay the student with funds from the award year in which the student's payment period is considered to occur with the payment calculated based on the relevant academic year's Scheduled Award for that award year.

You must assign the payment for an ACG or National SMART Grant to the same award year as the student's Pell Grant. Make sure that the assignment does not result in paying a student more than their ACG or National SMART Grant Scheduled Award for the academic year of their program of study.

Enrollment status for summer terms

Students must always be enrolled full-time to receive ACGs and National SMART Grants, even during summer.

At a traditional calendar school with a nonstandard term for summer, you may define full-time summer enrollment as less than 12 credit hours for ACG or National SMART Grant purposes if the nonstandard term minimum enrollment status calculation would allow a lower full-time status than the minimum for a semester, trimester, or quarter. That definition would apply to all FSA programs. Defining full-time for summer as at least 12 credit hours, may allow a school to calculate payments for payment periods using Formula 1 or 2 even though the summer term is a nonstandard term.

Payment periods that span two award years

34 CFR 691.64

Different Calculation Dates

It is possible for Pell and an ACG or National SMART Grant to be calculated on different dates and have different applicable enrollment statuses for the same term. A school may not initially calculate an ACG or National SMART Grant until after its census date while it calculated the student's Pell Grant prior to the census date (See Chapter 3 of this volume for a discussion of initial calculations).

For both Pell and an ACG or National SMART Grant, the enrollment status is the status at the time the student's award is being initially calculated. For a student whose Pell award is calculated as full-time before the school's census date who then dropped to less than full-time when ACG or National SMART Grant eligibility is determined, the student would not be eligible for an ACG or National SMART Grant for the payment period even though the student remains eligible for a full-time Pell payment.

RECALCULATIONS

When determining enrollment status for ACGs and National SMART Grants, you must use the same recalculation policy that you use for Pell for term-based programs. If you set a recalculation (census) date for enrollment status, it must be the same date as for Pell. For example, if your school sets a census date of 10 days into the term and a student drops below full-time on that date, then the student is not eligible for an ACG or National SMART Grant for that term. For more detail on the requirements related to recalculations, see Chapter 3 of this volume.

